

Message Text

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73

ACTION AID-59

INFO OCT-01 NEA-14 ISO-00 IGA-02 EUR-25 CIAE-00 COME-00

EB-11 FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07

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R 181345Z SEP 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9020

C O N F I D E N T I A L CAIRO 7268

E.O. 11652: NA

TAGS: EAID EG

SUBJ: AID FINANCING OF COKING COAL AND STEEL SCRAP

REF: STATE 203231

1. THE EXPANSION OF THE HELWAN IRON AND STEEL COMPLEX IS FULLY IDENTIFIED AND WIDELY KOOWN AS THE LARGEST ECONOMIC UNDERTAKING OF THE USSR IN EGYPT. THE PROJECT IS NOW ONLY HALF COMPLETED, WITH THE CONSTRUCTION OF A FOURTH BLAST FURNACE AND RELATED EQUIPMENT STILL TO COME. ALL DETAILS ARE NOT KNOWN, BUT IS FAIRLY CERTAIN THAT THE SOVIETS LOANS, WHICH COVERED ALL IMPORTS, WERE MADE AT CONCESSIONARY RATES. ADVISORS IN VAIIOUS PHASES OF THE OPERATION NUMBER ABOUT 120, AND ARE EXPECTED TO BE ON THE SCENE FOR SOME TIME, I.E. YEARS. SOVIET AMBASSADOR ONCE TOLD US USSR INVESTING EQUIVALENT OF LE 350 MILLION ON PROJECT.

2. FOR THE ABOVE REASONS, I DO NOT BELIEVE THAT THE BEST INTERESTS OF THE US WOULD BE SERVED BY UTILIZING

ANY PART OF OUR LIMITED AID RESOURCES TO FINANCES COKING COAL OR STEEL SCRAP FOR HELWAN. WHILE I RECOGNIZE THE IMPORTANCE THE EGYPTIANS ATTACH TO THEIR NEEDS FOR THESE COMMODITIES, I DO NOT RECOMMEND THAT
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WE FINANCE THEM THROUGH AID.

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Message Attributes

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